

Milk Pricing

NEWSLETTER

Dairy Marketing Branch, CDFA

April 2003

Commodity Prices Remain Sluggish . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for butter, nonfat dry milk, and Cheddar cheese continued to remain flat. Compared to March, all types of milk showed slight gallon price increases: whole milk increased eight tenths of a cent per gallon, reduced fat milk increased five tenths of a cent per gallon, lowfat milk increased three tenths of a cent per gallon, and skim milk increased one tenth of a cent per gallon.

All commodity prices continue to hover around their federal support purchase price. Butter, Cheddar cheese, and nonfat dry milk production for 2002 surpassed previous year levels and inventories remain higher than last year levels. Favorable weather conditions in California have dairy producers reporting increased milk production per cow, but the demand for dairy products remains low as the economy continues to be sluggish. Reports for March indicate that milk production was still at an increased level and production of the commodities remained above last year levels.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

Minimum Prices for the Four Types of Fluid Milk by Container Size for May 2003

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.008	\$0.504	\$0.252	\$0.126	\$0.084	\$0.063
Reduced Fat (2%)	\$0.936	\$0.468	\$0.234	\$0.117	\$0.078	\$0.059
Lowfat (1%)	\$0.896	\$0.448	\$0.224	\$0.112	\$0.075	\$0.056
Nonfat (Skim)	\$0.684	\$0.342	\$0.171	\$0.086	\$0.057	\$0.043

Southern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.032	\$0.516	\$0.258	\$0.129	\$0.086	\$0.064
Reduced Fat (2%)	\$0.960	\$0.480	\$0.240	\$0.120	\$0.080	\$0.060
Lowfat (1%)	\$0.920	\$0.460	\$0.230	\$0.115	\$0.077	\$0.058
Nonfat (Skim)	\$0.709	\$0.354	\$0.177	\$0.089	\$0.059	\$0.044

Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.008	\$0.004	\$0.002	\$0.001	\$0.001	\$0.000
Reduced Fat (2%)	\$0.005	\$0.002	\$0.001	\$0.001	\$0.000	\$0.000
Lowfat (1%)	\$0.003	\$0.001	\$0.001	\$0.000	\$0.000	\$0.000
Nonfat (Skim)	\$0.001	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000

California Department of Food and Agriculture (CDFA)

William (Bill) J. Lyons Jr., Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California
Phone (916) 341-5988; Website: www.cdfa.ca.gov/dairy; email address: dairy@cdfa.ca.gov

Minimum Prices for the Milk Component of Various Manufactured Dairy Products

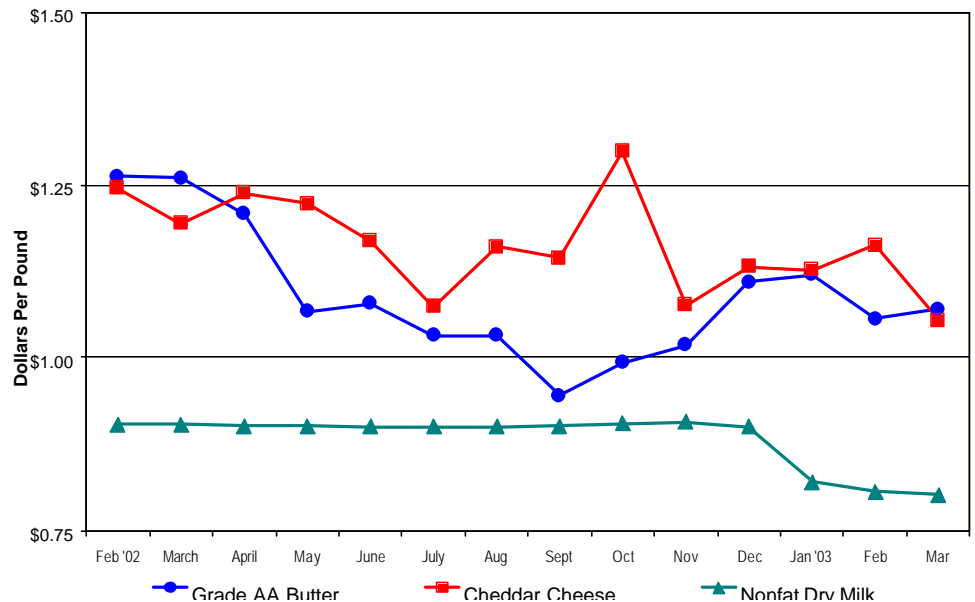
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
July	\$0.20	\$1.16	\$0.45
Aug	\$0.20	\$1.09	\$0.43
Sept	\$0.20	\$1.09	\$0.43
Oct.	\$0.20	\$1.05	\$0.41
Nov	\$0.20	\$1.05	\$0.41
Dec	\$0.20	\$1.09	\$0.43
Jan '03	\$0.20	\$1.09	\$0.43
Feb	\$0.18	\$1.12	\$0.43
Mar	\$0.18	\$1.12	\$0.43
Apr	\$0.18	\$1.07	\$0.41

National Commodity Prices for February 2002 - March 2003

Grade AA Butter, Block Cheddar Cheese, and Nonfat Dry Milk



California Department of Food and Agriculture
Dairy Marketing Branch
1220 N Street
Sacramento, CA 95814



First Class Mail
U.S. Postage
PAID
Permit No. 81
Sacramento, CA